UNITED STATES PATENT AND TRADEMARK OFFICE

APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
10/735,749	12/16/2003	Leonard C. Monteleone	32715-2001/TAC	3359

28381   7590   07/21/2008
ARNOLD & PORTER LLP
ATTN: IP DOCKETING DEPT.
555 TWELFTH STREET, N.W.
WASHINGTON, DC 20004-1206

EXAMINER
SCARITO, JOHN D

ART UNIT	PAPER NUMBER
3692	

MAIL DATE	DELIVERY MODE
07/21/2008	PAPER

Please find below and/or attached an Office communication concerning this application or proceeding.

The time period for reply, if any, is set in the attached communication.

PTOL-90A (Rev. 04/07)

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE _3_ MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

1)☒ Responsive to communication(s) filed on _25 April 2008_.

2a)☒ This action is **FINAL**.   2b)☐ This action is non-final.

3)☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

4)☒ Claim(s) _1-42_ is/are pending in the application.

    4a) Of the above claim(s) _____ is/are withdrawn from consideration.

5)☐ Claim(s) _____ is/are allowed.

6)☒ Claim(s) _1-42_ is/are rejected.

7)☐ Claim(s) _____ is/are objected to.

8)☐ Claim(s) _____ are subject to restriction and/or election requirement.

Application Papers

9)☐ The specification is objected to by the Examiner.

10)☐ The drawing(s) filed on _____ is/are: a)☐ accepted or b)☐ objected to by the Examiner.

    Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).

    Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).

11)☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

Priority under 35 U.S.C. § 119

12)☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).

    a)☐ All   b)☐ Some * c)☐ None of:

      1.☐ Certified copies of the priority documents have been received.

      2.☐ Certified copies of the priority documents have been received in Application No. _____.

      3.☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

    * See the attached detailed Office action for a list of the certified copies not received.

Attachment(s)

1)☐ Notice of References Cited (PTO-892)

2)☐ Notice of Draftsperson's Patent Drawing Review (PTO-948)

3)☐ Information Disclosure Statement(s) (PTO/SB/08) Paper No(s)/Mail Date _____.

4)☐ Interview Summary (PTO-413) Paper No(s)/Mail Date. _____.

5)☐ Notice of Informal Patent Application

6)☐ Other: _____.

DETAILED ACTION

The following is Examiner's response to Applicant's amendment received 04/25/2008

stemming from Examiner's Office Action dated 10/25/2007.

Status of the Claims

As per Applicant's response, Examiner acknowledges that Applicant (1) presents Claim 1

as originally filed, (2) amended Claims 2-6, 8-17 & 19-21 and (3) added new Claims 22-42.

Here, Claims 7 & 18 are presented as originally filed, but are considered amended due to their

dependence on amended claims. As such, Claims 1-42 are currently pending. Applicant also

amended his/her specification.

Response to Remarks/Arguments

Specification Objections

In view of Applicant's amendments, Examiner withdraws the specification objections of

his previous office action.

Minor Claim Objections

Claims 2-10 & 17 were objected to because of minor informalities.

As per Claims 2-10, Examiner withdraws his objections. Applicant appears to indicate

that his server is operable to [perform various functions]. {e.g. "receive at least two

inventories" (Claim 2), "perform at least one transaction" (Claim 6, i.e. consolidation),

"verify accuracy" (Claim 7), "receive at least two inventories" (Claims 8-10)}. Here, it

has been generally accepted that configuring a computer in a functionally meaningful

way changes the computer to be something beyond a general purpose computer. In this vein, Examiner suggests "configured to" in lieu of "operable to".

As per Claims 3 & 9, Examiner's lack of clarity resulted from Applicant's introduction of "said indicia (further) include(s) *other pertinent information concerning each said mortgage backed security...*" followed by "said transaction further includes *other pertinent information concerning each said mortgage backed security*". Examiner was, and still is, unclear whether the "other pertinent information" of the transaction is the same or different from the indicia. Examiner notes that Claim 2 also states "other pertinent information concerning each said mortgage backed security" which adds to the potential confusion. As such, the objections are maintained and Applicant should clarify the record and his/her claims.

As per Claim 17, in view of Applicant's amendment of dependency, Examiner withdraws his objection.

Statutory Grounds of Rejection

The text of those sections of Title 35, U.S. Code not included in this action can be found in a prior Office action.

Claim Rejections - 35 USC § 112

Claims 2, 4, 5, 13, 15, 16 & 19 were rejected under 35 U.S.C. 112, second paragraph, as being indefinite for failing to particularly point out and distinctly claim the subject matter which applicant regards as the invention.

As per Claims 2 & 13, Examiner withdraws his rejections.

As per Claims 4, 5, 15, 16 & 19, Examiner withdraws his rejections in view of

Applicant's amendments.

Double Patenting

Applicant requested that Examiner "hold the non-statutory double patenting rejection in

abeyance until allowable matter is identified." [Applicant's Response, page 23, lines 3-4]. Per

37 CFR 1.111(b):

> "The reply by the applicant or patent owner must be reduced to a writing which distinctly and specifically
> points out the supposed errors in the examiner's action and must reply to every ground of objection and
> rejection in the prior Office action. The reply must present arguments pointing out the specific distinctions
> believed to render the claims, including any newly presented claims, patentable over any applied
> references. If the reply is with respect to an application, a request may be made that objections or
> requirements as to form not necessary to further consideration of the claims be held in abeyance until
> allowable subject matter is indicated. The applicant's or patent owner's reply must appear throughout to be
> a bona fide attempt to advance the application or the reexamination proceeding to final action. "

Applicant was not responsive with regard to pointing out the specific distinctions believed to

render his/her claims patentable over Application 11/129,334. As such, Examiner maintains his

provisional non-statutory obviousness type double patenting rejection of Claims 8 & 19 over

Claim 4 of copending Application 11/129,334. Examiner notes that this is a "rejection" and not

an "objection or requirement as to form" and cannot be held in abeyance.

Claim Rejections - 35 USC § 103

Claims 1-4, 6, 7, 11-15, 17 & 18 were rejected under 35 U.S.C. 103(a) as being

unpatentable over Singh et al [2004/0167824] in view of Kochansky et al [2003/0187777].

As per Claim 12, Applicant asserts that Examiner's citation "does not teach anything about an inventory or indicia..." [Applicant's Response, page 23, line 15]. Examiner respectfully disagrees. Here, Singh ('824) generally teaches "barter-type exchanges between multiple parties". [paragraph 10]. As part of this exchange, a participant provides an order of products with each order "identifying a number of units of one of the products to buy or sell" [paragraph 11]. Surely, in view of Applicant's broad language, the number of units of a product available is reasonably interpreted as an "indicia associated with each said...security" and an order is reasonably interpreted as a submitted "inventory" to be traded. Applicant has not indicated in his/her claims that "inventory" comprises more than one type of security. In addition, in response to Applicant's assertion that Examiner's citation "does not provide information about any characteristics of each security", Applicant's broad "indicia" is not limited to particular characteristics of the units, etc [Applicant's Response, page 23, line 22] under current claim language. Next, Applicant asserts that Examiner's citation does not teach "performing at least one transaction based on an analysis of said at least one inventory" [Applicant's Response, page 23, lines 27-28]. Examiner respectfully disagrees. Here, Singh ('824) teaches its administrator "match[ing] the orders (i.e. inventories) to determine matched orders and unmatched orders, [and] swap[ping] matched orders" [paragraph 55, parenthetical added]. Surely determining matched and unmatched orders requires "analysis" and the actual swapping of orders is reasonably interpreted as a "transaction" performed. Applicant does not presently claim what particular type of analysis is required.

Next, Applicant unduly interprets Examiner's statement that Singh ('824) does not
"specifically disclose" as an admission. Just because something is not
specifically/explicitly disclosed does not means that Singh ('824) does not provide
support or rationale for such limitations. Regardless, as stated above, receiving an *order*
is reasonably interpreted as receiving an "inventory" of items to be traded. Further, as
noted by Examiner, Singh ('824) specifically deals with "adjusting the composition of
inventory" [Office Action, page 7, line 1]. As such, the remainder of Applicant's logic is
faulty. [see Applicant's Response, page 24, lines 5-9].

Next, Applicant asserts that Examiner "provides no evidence to support his theory that
the players would not be concerned with others knowing the content of one's portfolio."
[Applicant's Response, page 24, lines 22-23]. Here, Examiner was merely providing
rationale, for modifying Singh ('824), to include explicitly submitting one's whole
portfolio of inventory to a trading entity. Surely one of skill in the art would appreciate
market impact scenarios and concerns that accompany them in avoidance of swaying a
market for a product being traded.

Next, in response to Applicant's argument that Examiner "does not explain how it would
have been obvious for one of ordinary skill in the art to modify Singh's system to handle
inventories" [Applicant's Response, page 24, lines 25-26], Examiner asserts that one of
skill in the art would appreciate the substitution of an actual "inventory" in lieu of a
simple order. Here, Singh ('824) teaches the submission of an order with instructions
(i.e. identifying a number of units...of products...setting swap prices for the products {see
paragraph 11}). In this vein, the technical ability existed to substitute for trade a

portfolio/inventory of tradeable objects not unlike the submission of a simple order of one tradeable object and the result of the substitution is predictable.

Lastly, in response to Applicant's argument that "the administrator would have no way of knowing....what the participant wanted to reduce and what the participant wanted to gain" [Applicant's Response, page 24, line 29-page 25, line 1], Examiner reiterates that Singh ('824) teaches sellers as "interested in adjusting the composition of inventory" [paragraph 6] and the concept of a "unilateral order" which sets "constrained net activity" for the administrator to follow. [see paragraph 11].

As per Claims 13-21, Applicant did not individually address said Claims but merely concluded them, without support, as allowable based on his/her Claim 12 arguments. Examiner notes that Applicant stated Claim 1 [Applicant's Response, page 25, line 10], however this is likely a typo.

As per Claims 1-11, not unlike above, Applicant did not individually address said Claims but merely concluded them, without support, as allowable based on his/her Claim 12 arguments.

Response to Amendments

Minor Claim Objections

Claims 22, 32 & 33 are objected to because of the following informalities:

1. As per Claim 22, Examiner suggests "said at least one inventory" in lieu of "said inventory". Next, "each said mortgage backed security" lacks clear antecedent basis. Next, Examiner suggests "said at least one transaction" for more clear antecedent basis. Next, Examiner suggests "a consolidation of said mortgage-backed securities" for proper antecedent basis. Lastly, "said pools" and "the [] original face value" lack antecedent basis.

2. As per Claim 32, Examiner suggests "different ones of said plurality of inventories" in lieu of "different ones of said inventories" for clarity. Further, Examiner suggests "said like pools" and "an individual financial institution" for consistency of claim language. Lastly, the original face value lacks antecedent basis.

3. As per Claim 33, "each said mortgage backed security" lacks clear antecedent basis. Next, Examiner suggests "said at least one transaction" in lieu of "said transaction" in two instances. Next, Examiner suggests "a consolidation of said mortgage-backed securities" for proper antecedent basis. Lastly, "said pools" and "the [] original face value" lack antecedent basis.

Appropriate correction is required.

Claim Rejections - 35 USC § 112

Claims 23-31 & 34-42 are rejected under 35 U.S.C. 112, second paragraph, as being indefinite for failing to particularly point out and distinctly claim the subject matter which applicant regards as the invention.

Note: Applicant has inserted previously dependent claim limitations into his newly added independent claims as follows:

1. Applicant added the limitation "wherein said transaction includes a consolidation...prior to said consolidation" from Claim 2 into Claim 1 to form independent Claim 22. Claims 23-31 precisely mimic Claims 2-10.

2. Applicant added the abbreviated limitation "wherein the total number of said pools...prior to said consolidation" from Claim 13 into Claim 11 to form independent Claim 32.

3. Applicant added the limitation "wherein said transaction includes a consolidation...prior to said consolidation" from Claim 13 into Claim 12 to form independent Claim 33. Claims 34-42 mimic Claims 13-21.

Examiner notes that these added limitations create a plurality of global antecedent basis issues in addition to highlighting existing ambiguity issues. Examiner has attempted to provide a few representative claims but relies on Applicant to correct his/her claims which are replete with consistent errors. Further, Examiner suggests that Applicant reconsider his/her Claims 1-21 language for similar issues. Generally, Applicant should consider who owns each pool (i.e. financial institution, account holder, different financial

institutions, different account holders), which inventory or inventories are contemplated, whether the pool numbers are the same or different, etc.

As per Claim 23, "mortgage backed security" holds antecedent basis in Claim 22 and should be "said each mortgage backed security". Further, "said inventories" should be "said at least two inventories" in two instances due to the difference from "at least one inventory" of Claim 22. Next, "said mortgage backed security pool" lacks clear antecedent basis in Claim 22. Lastly, Examiner suspects that Applicant intended "at least one of said different financial institutions" in lieu of "at least one of said financial institutions".

As per Claim 24, "other pertinent information" and "an account holder" already hold antecedent basis in Claim 23. Similar to Claim 23, Examiner suggests "said each mortgage backed security. Further, Examiner questions whether "a Pool Number" is the same as or different from "a Pool Number" of Claim 23. Next, "said inventories" should be "said at least two inventories". Next, Examiner questions whether "a plurality of mortgage backed securities" and "common pool numbers" are the same as or different from "a plurality of mortgage backed securities" and common Pool Numbers" of Claim 23. Next, "said transaction" should be "said at least one transaction". Next, it is unclear to what "said pools" refers. Next, Examiner suspects that "said account holders" should be "said different account holders". Lastly, Examiner questions to which "other pertinent information" (i.e. that of Claim 24 or Claim 23) of which "said at least one transaction" is based on.

As per Claims 25-31, said claims have similar antecedent basis issues and ambiguities as noted above.

As per Claim 34, "mortgage backed security" holds antecedent basis in Claim 33 and should be "said each mortgage backed security". Further, "said inventories" should be "said at least two inventories" in two instances due to the difference from "at least one inventory" of Claim 33. Next, "said mortgage backed security pool" lacks clear antecedent basis in Claim 33. Next, "said transaction" should be "said at least one transaction". Lastly, Examiner suspects that Applicant intended "at least one of said different financial institutions" in lieu of "at least one of said financial institutions" for proper antecedent basis.

As per Claim 35, "other pertinent information" and "an account holder" already hold antecedent basis in Claim 34. Similar to Claim 34, Examiner suggests "said each mortgage backed security. Further, Examiner questions whether "a Pool Number" is the same as or different from "a Pool Number" of Claim 34. Next, "said inventories" should be "said at least two inventories". Next, Examiner questions whether "a plurality of mortgage backed securities" and "common pool numbers" are the same as or different from "a plurality of mortgage backed securities" and common Pool Numbers" of Claim 34. Next, it is unclear to what "said pools" refers. Next, Examiner suspects that "said account holders" should be "said different account holders". Next, "said transaction" should be "said at least one transaction" and "mortgage backed securities" should be preceded by "said" and "the [] original face value" lacks clear antecedent basis.

As per Claims 36-42, said claims have similar antecedent basis issues and ambiguities as

noted above.

Obviousness-Type Double Patenting

Claims 8 & 19 of this application conflict with Claim 4 of Application No. 11/129,334.
37 CFR 1.78(b) provides that when two or more applications filed by the same applicant contain
conflicting claims, elimination of such claims from all but one application may be required in the
absence of good and sufficient reason for their retention during pendency in more than one
application. Applicant is required to either cancel the conflicting claims from all but one
application or maintain a clear line of demarcation between the applications. See MPEP § 822.

The nonstatutory double patenting rejection is based on a judicially created doctrine
grounded in public policy (a policy reflected in the statute) so as to prevent the unjustified or
improper timewise extension of the "right to exclude" granted by a patent and to prevent possible
harassment by multiple assignees. A nonstatutory obviousness-type double patenting rejection
is appropriate where the conflicting claims are not identical, but at least one examined
application claim is not patentably distinct from the reference claim(s) because the examined
application claim is either anticipated by, or would have been obvious over, the reference
claim(s). See, e.g., *In re Berg*, 140 F.3d 1428, 46 USPQ2d 1226 (Fed. Cir. 1998); *In re
Goodman*, 11 F.3d 1046, 29 USPQ2d 2010 (Fed. Cir. 1993); *In re Longi*, 759 F.2d 887, 225
USPQ 645 (Fed. Cir. 1985); *In re Van Ornum*, 686 F.2d 937, 214 USPQ 761 (CCPA 1982); *In re
Vogel*, 422 F.2d 438, 164 USPQ 619 (CCPA 1970); and *In re Thorington*, 418 F.2d 528, 163
USPQ 644 (CCPA 1969).

A timely filed terminal disclaimer in compliance with 37 CFR 1.321(c) or 1.321(d) may
be used to overcome an actual or provisional rejection based on a nonstatutory double patenting
ground provided the conflicting application or patent either is shown to be commonly owned
with this application, or claims an invention made as a result of activities undertaken within the
scope of a joint research agreement.

Effective January 1, 1994, a registered attorney or agent of record may sign a terminal
disclaimer. A terminal disclaimer signed by the assignee must fully comply with 37 CFR
3.73(b).

As per Claims 8 & 19, said Claims are provisionally rejected on the ground of

nonstatutory obviousness-type double patenting as being unpatentable over Claim 4 of

copending Application No. 11/129,334. Although the conflicting claims are not

identical, they are not patentably distinct from each other because they claim (1)

"receiv[ing] at least two inventories of mortgage-backed securities", (2) have indicia

including of "holder", "pool number", "value", and "failed trade", (3)

"common...inventories", (4) a "report" and (5) indication of round robin. As such, it is

inherent that to indicate a round robin, a transaction involving a round robin must have

occurred.

This is a <u>provisional</u> obviousness-type double patenting rejection because the conflicting

claims have not in fact been patented.

Claim Rejections - 35 USC § 101

35 U.S.C. 101 reads as follows:

Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.

Claims 33-42 are rejected under 35 U.S.C. 101 because the claimed invention is directed

to non-statutory subject matter.

Note: Applicant may wish to reconsider his/her substantially similar claims 12-21.

Here, the state of the law with respect to statutory subject matter eligibility under §101 is

evolving and is presently an issue in several cases under appeal at the Federal Circuit

with regard to process claims. As presently understood, based on Supreme Court

precedent and recent Federal Circuit decisions, [see *Diamond v. Diehr*, 450 U.S. 175, 184

(1981); *Parker v. Flook*, 437 U.S. 584, 588 n.9 (1978); *Gottschalk v. Benson*, 409 U.S.

63, 70 (1972); *Cochrane v. Deener*, 94 U.S. 780, 787-88 (1876)] a §101 statutory

process must (1) be tied to another statutory class (e.g. such as a particular apparatus) or

(2) transform underlying subject matter (such as an article or materials) to a different

state or thing. If neither of these requirements is met, a method is not a patent eligible

process under §101 and should be rejected as being directed to non-statutory subject

matter.

For example, a method claim that recites *purely mental steps* (e.g. can be performed by

mental process or human intelligence alone) would not qualify as a statutory process. To

qualify as a §101 statutory process, the claim should (1) positively recite another

statutory class (e.g. thing or product) to which it is tied (e.g. by identifying the apparatus

that accomplishes the method steps) or (2) positively recite the subject matter that is

being transformed (e.g. by identifying the material that is being changed to a different

state).

As per Claim 33, Examiner asserts that said method steps could be performed by merely

mental steps (e.g. can be performed by mental process or human intelligence alone).

Here, Applicant does not adequately tie his/her steps to another statutory class to qualify

as a §101 statutory process. Applicant should consider what is "receiving"?, what is

"performing"?, and what is "returning"?.

Lastly, Examiner notes that Applicant's recitation of his/her method as "computer-based"

in the preamble is inadequate as a mere nominal recitation of structure. Applicant should

consider what structure, in the body of his/her claim, is necessary to complete his/her

method steps to take said Claims out of being executed via purely mentally supported

activities.

As per Claims 34-42, said Claims are rejected as they do not correct the deficiency of

Claim 33.

Claim Rejections - 35 USC § 103

Note: Method claims will be examined prior to System claims in each section below.

Claims 1-4, 6, 7, 11-15, 17, 18, 22-25, 27, 28, 32-36, 38 & 39 are rejected under 35

U.S.C. 103(a) as being unpatentable over Singh et al [2004/0167824] in view of Kochansky et al

[2003/0187777].

As per Claim 12, Singh et al ('824) discloses as follows:

First, Singh ('824) teaches receiving...securities [see paragraph 45 "securities"] from

an institution [see paragraph 46, "business", "legal entity"];

Next, Singh ('824) teaches said inventory including indicia associated with each

said...security [see paragraph 11, "identifying". Further, see response to

remarks/arguments above.];

Next, Singh ('824) teaches performing at least one transaction based on an analysis of said at

least one inventory [see paragraph 55, "swaps matched orders". Further, see

response to remarks/arguments above.];

Next, Singh ('824) teaches returning a result of said transaction to said institution [see

paragraph 55, "notifies the participants"].

However, Singh et al ('824) does not explicitly disclose said securities being

mortgage-backed securities. Regardless, Kochansky et al ('777) discloses the trading

of "mortgage-backed securities" [paragraph 5] amongst "large institutions"

[paragraph 10]. Like Singh et al ('824), Kochansky et al ('777) deals with the

"secondary market" [see paragraph 5]. Entities must be aware of not only the

current value of their portfolios but also their content. In this vein, a mortgage-

backed security is a "security" that can be exchanged for all intensive purposes to achieve desired portfolio content and value. As such, it would have been obvious to one of ordinary skill in the art, at the time of Applicant's invention, to modify Singh et al ('824) to include the transfer of mortgage-backed securities among institutions. One would recognize the simple substitution of one type of security for another.

Further, Singh et al ('824) does not explicitly disclose receiving at least one inventory. However, Singh et al ('824) teaches a method where "a seller [is] more interested in adjusting the composition of inventory than in receiving monetary consideration for products in the inventory." ["orders" received (see paragraph 11) to adjust "inventory" (see paragraph 6)]. If not concerned of others knowing the content of one's portfolio, it would be more efficient to submit actual inventories for trading in lieu of "orders" that would achieve the same desired end/portfolio content. As such, it would have been obvious to one of ordinary skill in the art, at the time of Applicant's invention, to modify Singh et al (376) to include the "receiving [of] at least one inventory." Further, see response to remark/arguments above.

As per Claim 13, Singh ('824) as modified teaches the method of Claim 12 above.

Next, Singh ('824) teaches said indicia include other pertinent information concerning each said mortgage-backed security, including at least a financial institution uniquely identifying an account holder of each mortgage-backed security in each of said inventories [Here, Examiner

asserted, uncontested by Applicant, it as necessary that trade data includes a unique identifier of the holder in order to track trade transactions.]

Next, Singh ('824) teaches said transaction includes a consolidation of [] securities such that the total number of said pools owned by at least one of said financial institutions after said consolidation is reduced while maintaining substantially the same aggregate original face value prior to said consolidation. [see paragraph 6, "seller is willing to receive other products in exchange for the products in the seller's inventory" and paragraph 44 "by exchanging inventory, a participant can make the inventory more balanced, reduce odd-lot portions, and/or reduce odd-dated portions" and paragraph 62, "price is not used [] to match" and paragraph 80, "where a valuation difference between the number of units matched for each participant is minimized." (i.e. substantially same aggregate original face value)]

However, Singh et al ('824) does not explicitly disclose at least two inventories are received at said receiving step Here, Examiner points Applicant to the logic and evidence of Claim 12 analysis above regarding "receiving at least one inventory" and Examiner's respective response to remarks/arguments in addition to Singh ('824) disclosing "receiving a plurality of orders from a plurality of participants to [trade] a plurality of products" (paragraph 11, emphasis added) to adjust "inventory" (paragraph 6). Thus orders are interpreted as an inventory or part of an inventory and one of skill in the art would appreciate receiving more than one inventory.]

However, Singh et al ('824) does not explicitly disclose: indicia includ[ing]...a Pool Number identifying each said mortgage-backed security pool owned by said financial institution;

and an original face value of each said mortgage-backed security Regardless, uncontested by Applicant, Applicant's specification admits, that these elements are commonly associated with pool trades. [see Applicant's Background Of The Invention, page 2, line 6] One trading mortgage-backed securities would be apprised of such identifiers. As such, it would have been obvious to one of ordinary skill in the art, at the time of Applicant's invention, to modify Singh et al ('824) to include pool numbers and face values of mortgage-backed securities (associated with the institution) as indicia while matching.

Further, Singh et al ('824) does not explicitly disclose said inventories include a plurality of mortgage-backed securities with common Pool Numbers that belong to different financial institutions. Regardless, Kochansky et al ('777) teaches different institutions possibly having common pool numbers in their portfolios. [see paragraph 10, "institutions…[with] each portfolio including a variety of amounts and types of mortgage-backed securities". Here, Examiner asserted, uncontested by Applicant, it as inherent that inventories of different institutions likely hold the same "pool numbers" given the limited issuers of such securities (e.g. GNMA, FHLMC, FNMA)]. Further, Examiner asserted, uncontested that one trading mortgage-backed securities would understand that other institutions hold part of the original pool of mortgages. As such, it would have been obvious to one of ordinary skill in the art, at the time of Applicant's invention, to modify Singh et al ('824) to account for different institutions that hold common pool numbers.

As per Claim 14, Singh ('824) as modified teaches the method of Claim 13 above.

Further, Singh et al ('824) teaches said indicia further includes other pertinent information concerning each said mortgage - backed security, including at least an account holder [see paragraph 47, "an entity controls products for a number of customers and desires to participate in the match-and-swap marketplace on behalf of each customer", Here, Examiner asserted, uncontested by Applicant, it as necessary that trade data includes a unique identifier of each account holder in order to track trade transactions]

Next, Singh ('824) teaches said transaction further includes a consolidation of mortgage-backed securities such that the total number of said pools owned by at least one of said account holders after said consolidation is reduced while maintaining substantially the same aggregate original face value prior to said consolidation. [paragraph 47, "participat[ing] on behalf of each customer" and paragraph 6, "seller is willing to receive other products in exchange for the products in the seller's inventory" and paragraph 44, emphasis added, "by exchanging inventory, a participant can make the inventory more balanced, reduce odd-lot portions, and/or reduce odd-dated portions" and paragraph 62, "price is not used [] to match" and paragraph 80, "where a valuation difference between the number of units matched for each participant is minimized." (i.e. substantially same aggregate original face value) Here Examiner notes that such transaction is based on information associated with each mortgage backed security (i.e. their valuation, their quantities, etc.)].

However, Singh et al ('824) does not explicitly disclose a Pool Number identifying a mortgage-backed security pool owned by said account holder; and an original face value of said Pool Number Regardless, uncontested by Applicant, Applicant's specification

admits that these elements are commonly associated with pool trades. [see

Applicant's Background Of The Invention, page 2, line 6] One trading mortgage-

backed securities would be apprised of such identifiers. As such, it would have

been obvious to one of ordinary skill in the art, at the time of Applicant's

invention, to modify Singh et al ('824) to include pool numbers and face values of

mortgage-backed securities (associated with an account holder) as indicia while

matching.]

Further, Singh et al ('824) does not explicitly disclose said inventories further include

a plurality of different account holders having a plurality of mortgage-backed securities with

common pool numbers; Regardless, Kochansky et al ('777) teaches different

investors possibly having common pool numbers in their portfolios. [see

paragraph 10, "investors…[with] each portfolio including a variety of amounts

and types of mortgage-backed securities". Here, Examiner asserted, uncontested

by Applicant, it as inherent that inventories of different institutions likely hold the

same "pool numbers" given the limited issuers of such securities (e.g. GNMA,

FHLMC, FNMA)]. Further, Examiner asserted, uncontested that one trading

mortgage-backed securities would understand that other investors hold part of the

original pool of mortgages (especially on a secondary market). As such, it would

have been obvious to one of ordinary skill in the art, at the time of Applicant's

invention, to modify Singh et al ('824) to account for different account holders

holding common pool numbers.

As per Claim 15, Singh ('824) as modified teaches the method of Claim 14 above.

However, Singh et al ('824) does not explicitly disclose said indicia further includes a flag for each of said mortgage-backed securities in said inventory, said flag for indicating that said account holder requests a retention of a respective said mortgage-backed security; Regardless, Singh et al ('824) does teach that participants can have preferences for certain securities over others. (see paragraph 59, "unilateral orders…[of] a subset thereof" and paragraph 60 "entity desiring to interact with the match-and-swap marketplace…but does not want to lump all the products together") Here, Examiner asserted, uncontested by Applicant, that a prudent investor would wish to mark/indicate securities that he/she prefers or intends to keep when submitting his/her inventory to a third party. As such, it would have been obvious to one of ordinary skill in the art, at the time of Applicant's invention, to modify Singh et al ('824) to include a flag/indicator to retain certain securities.

Further, Singh ('824) does not explicitly disclose said consolidation of mortgage-backed securities includes a redistribution of said respective mortgage-backed security to those of said account holders that set said flag for said respective mortgage-backed security. Regardless, Singh et al ('824) does teach that participants can place orders in line with their preferences. (see paragraph 60, "orders for A, B and C products" and "orders for D and E products"). Here, Examiner asserted, uncontested by Applicant, that a prudent investor, or one on his/her behalf, would wish to follow investor preferences when trading in a portfolio and return (already owned) preferred securities to the portfolio inventory that should not be traded. As such, it would have been obvious to one of ordinary skill in the art, at the time of Applicant's

invention, to modify Singh et al ('824) to include the redistribution of flagged

securities to their respective account holders.

As per Claim 17, Singh ('824) as modified teaches the method of Claims 12 above.

 Further, Singh ('824) as modified teaches or renders the elements of Claim 17

obvious under the logic and evidence as presented in Claim 14 above.

As per Claim 18, Singh ('824) as modified teaches the method of Claim 12 above.

 Further, Singh et al ('824) teaches verifying the accuracy of said inventory by comparing

said inventory with an available database of information about mortgage-backed securities within

said inventory. [see paragraph 67. In contemplation of a swap, Singh et al ('824)

teaches "us[ing] any pricing methodology" including "current or future market

prices" (uncontested by Applicant, commonly available in some type of database)

or " a person or group of persons knowledgeable in the valuation of products" for

a "determination independent of the unilateral orders (inventories)".]

As per Claims 1-4, 6 & 7, Singh et al ('824) discloses a "server" [see paragraph 16].

 Here, Examiner asserted, uncontested by Applicant, it as inherent that such server

is capable of producing the functionality as evidenced in Claims 12-15, 17 & 18

above.

As per Claim 11, Singh et al ('824) discloses a "server" [see paragraph 16] and "at least

one workstation" [see paragraph 16 & Figure 10].

 Here, Examiner asserted, uncontested by Applicant, it as inherent that such server

and workstations, as a system, are capable of producing the functionality as

necessary in Claim 11. Examiner notes that said substantially similar

functionality of Claim 11 has been represented in the claims above.

As per Claim 32, Singh et al ('824) discloses a "server" [see paragraph 16] and "at least

one workstation" [see paragraph 16 & Figure 10]. Further, Singh ('824) teaches wherein

the total number of said pools...prior to said consolidation under the logic and evidence as

presented in Claim 13 above.

As per Claim 33, Singh ('824) as modified teaches the method as discussed in Claim 12.

Further, Singh ('824) teaches said transaction includes a consolidation...prior to said consolidation

under the logic and evidence as presented in Claim 13. Here, Applicant merely

substitutes said transaction as performed on potentially one inventory in lieu of requiring

at least two inventories. Regardless, the technical ability existed to substitute one

inventory if it could execute at least two inventories, thus the result of the substitution is

predictable.

As per Claims 34, 38 & 39, Singh ('824) as modified teaches the method as discussed in

Claim 33 above. Here, Examiner points Applicant to the logic and evidence as discussed

in respective substantially similar Claims 13, 17 & 18 for said limitations.

As per Claims 35 & 36, Singh ('824) as modified teaches the method as discussed in

Claim 34 above. Here, Examiner points Applicant to the logic and evidence as discussed

in respective substantially similar Claims 14 & 15 for said further limitations.

As per Claim 22, Singh ('824) discloses a "server" [paragraph 16]. Given Applicant's

lack of contest to Claims 1 & 2 above, it is inherent that said server is capable of

producing the functionalities as evidenced in Claims 1 above, further including the

limitation "wherein said transaction includes a consolidation...prior to said consolidation" from Claim 2 above. Examiner points Applicant to Claims 12 & 13 above for the logic and evidence applied in response to Applicant's limitations in view of the prior art of record.

As per Claims 23, 27 & 28, Singh (824) as modified teaches the system of Claim 22 above. Here, Examiner points Applicant to the logic and evidence as discussed in respective substantially similar Claims 2, 6 & 7 for a system with said further functional limitations.

As per Claims 24 & 25, Singh ('824) as modified teaches the system of Claim 23 above. Here, Examiner points Applicant to the logic and evidence as discussed in respective substantially similar Claims 3 & 4 for a system with said further functional limitations.

Claims 5, 16, 26 & 37 are rejected under 35 U.S.C. 103(a) as being unpatentable over Singh et al [2004/0167824] in view of Kochansky et al [2003/0187777] and further in view of Spoonhower et al [2004/0177025].

As per Claim 16, Singh ('824) as modified teaches the method of Claim 14 above.

However, Singh et al ('824) does not explicitly disclose: said indicia further includes at least one additional indicium selected from the group consisting of a factor date, factor rate, maturity date, current weighted average maturity ("WAM"), weighted average coupon ("WAC"), and constant payment rate ("CPR"); Regardless, Spoonhower et al ('025) teaches that securities may be grouped by "type of issuing institution" [paragraph 12] as well as "similar characteristics" such as "maturity date and yield" or "arbitrary other characteristics of the [mortgage-backed] securities themselves" [see paragraph 13,

emphasis added]. Further, Spoonhower et al ('025) teaches that mortgage-backed securities are often "illiquid or thinly-traded" thus resulting in "difficulty of judging the market value of the securities to be traded" [see paragraph 1]. Alternatively, Kochansky et al ('777) teaches that securities are "traded in terms of their assumed average life" [paragraph 8], a changing "coupon rate" [paragraph 7], and "pay down factor" that forms "the basis for calculation of the purchase price of the securities." Here, Examiner asserted, uncontested by Applicant, that a prudent trader would wish to be apprised of such information when evaluating trades as of equivalent value. As such, it would have been obvious to one of ordinary skill in the art, at the time of Applicant's invention, to modify Singh et al ('824) to include such evidenced indicia.

Further, Singh ('824) does not explicitly disclose said consolidation of mortgage-backed securities includes a redistribution of said respective mortgage-backed security to those of said account holders that indicate a preference for a particular mortgage-backed security characterized by said at least one additional indicium. Regardless, Spoonhower et al ('025) teaches that "users are often willing to accept a wide range of mortgage-backed securities with similar characteristics." [paragraph 13]. In this vein, the method/system can tailor trades based on what "a given user is looking for." [paragraph 13]. Here, Examiner asserted, uncontested by Applicant, that a prudent investor, or one on his/her behalf, would wish to follow investor preferences when trading in a portfolio and return (already owned) preferred securities to that portfolio inventory that should not be traded. As such, it would have been obvious to one of ordinary skill in the art, at the time of Applicant's

invention, to modify Singh et al ('824) to include redistribution of securities, with

characteristics evidenced in this claim, to their respective account holders.

As per Claim 5, Singh et al ('824) discloses a "server" [see paragraph 16].

Here, Examiner asserted, uncontested by Applicant, it as inherent that such server

is capable of producing the functionality as evidenced in Claim 16 above.

As per Claim 37, Singh ('824) as modified teaches the method as discussed in Claim 34

above. Here, Examiner points Applicant to the logic and evidence as discussed in

respective substantially similar Claim 16 for said further limitations.

As per Claim 26, Singh ('824) as modified teaches the system of Claim 23 above. Here,

Examiner points Applicant to the logic and evidence as discussed in respective

substantially similar Claims 5 for a system with said further functional limitations.

Claims 8-10, 19-21, 29-31 & 40-42 are rejected under 35 U.S.C. 103(a) as being

unpatentable over Singh et al [2004/0167824] in view of Kochansky et al [2003/0187777] and

further in view of Non-Patent Literature document entitled "Buy-In Procedures for Mortgage-

Backed Securities" (hereinafter "Buy-In").

As per Claim 19, Singh ('824) as modified teaches the method of Claim 12 above.

Further, Singh ('824) teaches said indicia include other pertinent information concerning

each said mortgage-backed security, including at least a financial institution uniquely identifying a

holder of each mortgage-backed security in each of said inventories [see Claim 13 above];

However, Singh et al ('824) does not explicitly disclose at least two inventories are

received at said receiving step; [see Claim 13 above]

Further, Singh ('824) does not explicitly disclose indicia includ[ing]...a Pool Number identifying each said mortgage-backed security pool owned by said financial institution; and an original face value of each said mortgage-backed security [see Claim 13 above]

Next, Singh ('824) does not explicitly disclose said inventories include a plurality of mortgage-backed securities with common Pool Numbers that belong to different financial institutions. [see Claim 13 above]

Next, Singh ('824) does not explicitly disclose an indication of whether said mortgage-backed security pool was a subject of a failed transaction; Regardless, uncontested by Applicant, Applicant admits that prior art trading involves "failed trades" [see Applicant's Background Of The Invention, page 3, line 11]. In this vein, Buy-In teaches established courses of action when such "failed transactions" occur. Here, one of the options is for a Customer to "accept, from the Seller in satisfaction of the Seller's obligation under the original contract the delivery of such Comparable (better if the same) Securities" [see page 2, Section C, 2]. Here, Examiner asserted, uncontested by Applicant, that a prudent investor would comply with the regulations of the Securities Act of 1986. Thus it is predictable that an investor would mark/indicate securities of failed transactions. As such, it would have been obvious to one of ordinary skill in the art, at the time of Applicant's invention, to modify Singh et al ('824) to include indicia of mortgage-backed securities that are subject to a failed transaction.

Lastly, Singh ('824) does not explicitly disclose said transaction includes a resolution of a round robin arising out of a plurality of said failed transactions. Regardless, uncontested by Applicant, Applicant admits that "prior art methods of trading" result in "failed

trades often lead[ing] to a so-called "round robin" scenario. [see Applicant's

Background Of The Invention, page 3, line 11 & paragraph 10]. In this vein,

Buy-In teaches that a course of action includes "sell[ing] the Mortgage-Backed

Securities back to the Seller on terms which provide that the Seller pay an amount

which includes accrued interest and bear the burden of any change in market

value." [see page 2, Section C, 2]. In this vein, to avoid possible market increases

(at a loss to the Seller), one would wish to purchase the actual security for

delivery. As such, it would have been obvious to one of ordinary skill in the art,

at the time of Applicant's invention, to modify Singh et al ('824) to include the

resolution of failed transactions by a round robin trading scenario.

As per Claim 20, Singh ('824) as modified teaches the method of Claim 12 above.

Further, Singh et al ('824) teaches said indicia include other pertinent information

concerning each said mortgage-backed security, including at least a financial institution uniquely

identifying a holder of each mortgage-backed security in each of said inventories [see Claim 13

above];

However, Singh et al ('824) does not explicitly disclose at least two inventories are

received at said receiving step; [see Claim 13 above]

Further, Singh ('824) does not explicitly disclose indicia includ[ing]…a Pool Number

identifying each said mortgage-backed security pool owned by said financial institution; and an

original face value of each said mortgage-backed security [see Claim 13 above]

Next, Singh ('824) does not explicitly disclose said inventories include a plurality of

mortgage-backed securities with common Pool Numbers that belong to different financial

institutions. [see Claim 13 above]

Next, Singh ('824) does not explicitly disclose an indication of whether said mortgage-backed security pool was a subject of a failed transaction; Regardless, uncontested by Applicant, Applicant admits that prior art trading involves "failed trades" [see Applicant's Background Of The Invention, page 3, line 11] In this vein, Buy-In teaches established courses of action when such "failed transactions" occur. Here, one of the options is for a Customer to "accept, from the Seller in satisfaction of the Seller's obligation under the original contract the delivery of such Comparable (better if the same) Securities" [see page 2, Section C, 2]. Here, Examiner asserted, uncontested by Applicant, that a prudent investor would comply with the regulations of the Securities Act of 1986. Thus it is predictable that an investor would mark/indicate securities of failed transactions. As such, it would have been obvious to one of ordinary skill in the art, at the time of Applicant's invention, to modify Singh et al ('824) to include indicia of mortgage-backed securities that are subject to a failed transaction.

Lastly, Singh ('824) does not explicitly disclose said transaction includes arranging a substitution of one of said mortgage-backed securities from one financial institution to a second financial institution having a failed transaction associated with another one of said mortgage-backed securities. Regardless, uncontested by Applicant, Applicant admits that "prior art methods of trading" result in "pool[s] of funds being shifted from one financial institution to another" [see Applicant's Background Of The Invention, page 3, line 12]. Further, Buy-In teaches that failed transactions can be substituted with "Comparable Securities" [see page 2, Section C, 2 & page 1, Section B]. Here, Examiner asserted, uncontested by Applicant, that a prudent

investor would comply with the regulations of the Securities Act of 1986. As

such, it would have been obvious to one of ordinary skill in the art, at the time of

Applicant's invention, to modify Singh et al ('824) to include the substitution of

one comparable mortgage-backed security for another in a failed trade situation.

As per Claim 21, Singh ('824) as modified teaches the method of Claim 12 above.

Further, Singh et al ('824) teaches said indicia include other pertinent information

concerning each said mortgage-backed security, including at least a financial institution uniquely

identifying a holder of each mortgage-backed security in each of said inventories [see Claim 13

above];

However, Singh et al ('824) does not explicitly disclose: at least two inventories are

received at said receiving step; [see Claim 13 above]

Further, Singh ('824) does not explicitly disclose indicia includ[ing]…a Pool Number

identifying each said mortgage-backed security pool owned by said financial institution; and an

original face value of each said mortgage-backed security [see Claim 13 above]

Next, Singh ('824) does not explicitly disclose said inventories include a plurality of

mortgage-backed securities with common Pool Numbers that belong to different financial

institutions. [see Claim 13 above]

Next, Singh ('824) does not explicitly disclose said transaction includes arranging a loan

of at least of said one mortgage-backed securities between two of said financial institutions.

Regardless, uncontested by Applicant, Applicant admits that "prior art methods of

trading" result in "pool[s] of funds being shifted from one financial institution to

another" [see Applicant's Background Of The Invention, page 3, line 12]. Under

broad interpretation, a loan includes a "temporary" shifting that "is not a

permanent answer" [see Applicant's Background Of The Invention, page 3, line

13]. In this vein, Buy-In teaches that a purchaser, following procedures, who has

not received his/her securities has the option to "buy-in at the current market

value all or any part of the same or Comparable Securities necessary to complete

the transaction." [see page 4, section D, 3]. Here, Examiner asserted, uncontested

by Applicant, that a prudent investor, or one on his/her behalf, would wish to

avoid such a situation if he/she does not currently hold the securities. As such, it

is predictable that such an investor would look for a loan of securities, on margin,

until other options under the Securities Act could be executed. As such, it would

have been obvious to one of ordinary skill in the art, at the time of Applicant's

invention, to modify Singh et al ('824) to include a loan of mortgage-backed

securities amongst financial institutions.

As per Claims 8-10, Singh et al ('824) discloses a "server" [see paragraph 16].

Here, Examiner asserted, uncontested by Applicant, it as inherent that such server

is capable of producing the functionality as evidenced in Claims 19-21 above.

As per Claims 40-42, Singh ('824) as modified teaches the method as discussed in Claim

33 above. Here, Examiner points Applicant to the logic and evidence as discussed in

respective substantially similar Claims 19-21 for said further limitations.

As per Claims 29-31, Singh (824) as modified teaches the system of Claim 22 above.

Here, Examiner points Applicant to the logic and evidence as discussed in respective

substantially similar Claims 8-10 for a system with said further functional limitations.

Conclusion

Applicant's amendment necessitated the new ground(s) of rejection presented in this Office action. Accordingly, **THIS ACTION IS MADE FINAL**. See MPEP § 706.07(a). Applicant is reminded of the extension of time policy as set forth in 37 CFR 1.136(a).

A shortened statutory period for reply to this final action is set to expire THREE MONTHS from the mailing date of this action. In the event a first reply is filed within TWO MONTHS of the mailing date of this final action and the advisory action is not mailed until after the end of the THREE-MONTH shortened statutory period, then the shortened statutory period will expire on the date the advisory action is mailed, and any extension fee pursuant to 37 CFR 1.136(a) will be calculated from the mailing date of the advisory action. In no event, however, will the statutory period for reply expire later than SIX MONTHS from the date of this final action.

Any inquiry concerning this communication or earlier communications from the examiner should be directed to John D. Scarito whose telephone number is (571) 270-3448. The examiner can normally be reached on M-Th (7:30-5:00), Alternate F (7:30-4:00).

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Kambiz Abdi can be reached on (571) 272-6702. The fax phone number for the organization where this application or proceeding is assigned is 571-273-8300.

Information regarding the status of an application may be obtained from the Patent

Application Information Retrieval (PAIR) system. Status information for published applications

may be obtained from either Private PAIR or Public PAIR. Status information for unpublished

applications is available through Private PAIR only. For more information about the PAIR

system, see http://pair-direct.uspto.gov. Should you have questions on access to the Private PAIR

system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free). If you would

like assistance from a USPTO Customer Service Representative or access to the automated

information system, call 800-786-9199 (IN USA OR CANADA) or 571-272-1000.

/John D. Scarito/   John D. Scarito
Examiner, Art Unit 3692   Examiner
                                                                       Art Unit 3692

/Susanna M. Diaz/
Primary Examiner, Art Unit 3692